

June 21, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

Voting Modernization Board Meeting

On Wednesday, June 19, 2002, the Voting Modernization Board met in Sacramento to take public comment on the allocation formula for distributing funds to counties. However, the Board put off a decision until its July 17th meeting.

Secretary of State staff recommended a precinct-based formula, claiming it was simple, objective and fair. Generally speaking, rural counties favor this formula. The County's Registrar/Recorder, Conny McCormack, argued against a precinct-based formula as unfair to large, urban counties which have consolidated precincts but still have large numbers of voters. Instead, she presented a proposal based on the number of eligible voters minus the number of permanent absentee voters. The State Association of Registrars stated that an allocation based on the number of eligible voters was the most equitable. Santa Clara County presented alternatives intended to address the problems of the counties currently out of compliance.

For its next meeting, the Board directed staff to analyze the alternatives presented by Santa Clara and Los Angeles counties, and to look into the assumptions used by counties in making their pre-application estimates of need.

Pursuit of County Position on Legislation

County-opposed AB 507 (Havice), which originally added full-time custody assistants employed by Los Angeles County to the list of employees entitled to safety member workers' compensation benefits, was amended on June 18, 2002. AB 507 now: 1) permits a retirement board, at the request of the local board of supervisors, to adopt a pension liability funding plan as long as the plan is expressly part of a collective bargaining agreement covering at least two-thirds of the active members; and 2) requires the appointment by the Board of Supervisors of two additional labor-nominated members to LACERA's Board of Investments.

The County adopted the concept of an alternative pension liability funding plan at the Board meeting of June 4, 2002. However, our Compensation staff advise that the proposal contained in AB 507 is incomplete. It only addresses one part of the pension liability issue. Discussions in the County have focused upon a "corridor" funding concept that establishes both lower and upper limits of 90 percent and 110 percent respectively. As long as liability falls within the established range or "corridor", no change in contributions is needed. If the system's assets do not meet the lower point of liability on the corridor, employer contributions are increased. If the assets exceed the upper point, employer contributions decrease. AB 507 only addresses the lower end of the corridor.

Furthermore, while the pension liability funding plan must be the result of a collective bargaining agreement in AB 507, there needs to be a way to maintain the duration of the agreement. Los Angeles County memoranda of understanding are generally for a two or three year period. It does not make sense for an unfunded liability agreement to be re-opened that frequently.

Finally, AB 507 would impose a change in the size and composition of the Board of Investments which would require the approval of a majority of the voters in Los Angeles County. This change in membership would dilute the County's authority. Opposition to AB 507 is consistent with our position on County-opposed AB 2123, which also would increase the Board of Investments from 9 to 11 members.

Our Sacramento advocates will continue to oppose AB 507, unless amended to contain mutually agreeable provisions regarding unfunded liability and to delete provisions relating to the LACERA Board of Investments. This measure is set for hearing in the Senate Public Employment and Retirement Committee on Monday, June 24, 2002.

County-opposed AB 2006 (Cedillo), which originally would have required binding arbitration of disputes between Los Angeles County and physicians, dentists and safety officers employed by the County, was amended on June 18, 2002. AB 2006 now prohibits a public agency from changing the benefits provided to former non-represented employees who elect to become represented employees, unless the union agrees. The provisions are retroactive to July 1, 2001.

According to Employee Relations staff, the County and the union representing physicians have been in negotiations for an initial contract since November 1999. The parties reached agreement on over thirty articles but could not reach agreement on benefits. The parties participated in all steps of the impasse procedures in compliance with the Meyers-Milias-Brown Act and the County Employee Relations Ordinance. After exhausting the impasse procedures, the County implemented the Terms and Conditions of Employment which included over thirty agreed upon articles, but did not include the non-represented cafeteria benefit plans.

In addition to retroactively reversing a legal action taken by the County in 2001, AB 2006 in its current form would directly interfere with local labor relations and complicate the responsibility of public agencies to negotiate and provide benefits to non-represented/management employees and represented employees. Because this measure would limit the Board's control over employee benefits, **our Sacramento representatives will continue to oppose AB 2006**. This measure is scheduled for hearing in the Senate Public Employment and Retirement Committee on Monday, June 24, 2002.

Status of County Interest Legislation

County-supported AB 2729 (Wesson), which would allow direct cash payment from the Victims of Crime Fund to reimburse domestic violence intervention counselors, and to increase the reimbursement rate for peer counseling services by a rape counseling center, passed the Senate Public Safety Committee on consent on June 18, 2002 and now goes to the Senate Appropriations Committee.

Each Supervisor
June 20, 2002
Page 4

We will continue to keep you advised.

DEJ:GK
ML:JR:md

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants